

HIBISCUS COAST MUNICIPALITY

Statement of Financial Position at 30 June 2008

	Notes	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		654 475 122	194 398 299
Housing Development Fund	2	58 509 937	58 542 475
Accumulated surplus / (deficit)	1	595 965 185	135 855 824
Non-current liabilities		170 707 734	178 548 262
Deferred revenue	3	119 628 079	124 283 101
Long term liabilities	4	26 205 696	31 164 348
Retirement benefits	5	23 762 150	18 465 081
Long service awards and retirement gifts	6	1 111 809	4 635 732
Current liabilities		151 074 297	123 619 859
Consumer deposits	7	7 167 120	6 687 651
Creditors	8	55 933 621	56 976 225
Provisions	9	22 586 953	22 113 985
Unspent conditional grants and receipts	10	54 102 072	30 340 104
Bank overdraft			
Current portion of deferred revenue	3	2 327 511	-
Current portion of long term liabilities	4	4 869 544	3 987 979
Current portion of retirement benefits	5	3 919 678	2 532 915
Current portion of long service awards and retirement gifts	6	167 798	981 000
Total Net Assets and Liabilities		976 257 153	496 566 420
ASSETS			
Non-current assets		718 032 119	269 256 142
Property, plant and equipment	11	679 823 550	227 250 663
Housing selling units		13 812 418	13 812 418
Long term receivables	12	24 396 151	28 193 061
Current assets		258 225 034	227 310 278
Inventory	13	1 623 479	1 500 919
Consumer and other debtors	14	94 460 230	96 550 811
Current portion of long term receivables	11	5 518 386	1 852 117
Short - term investment deposits	15	149 804 412	116 299 065
Bank balances and cash	16	6 818 527	11 107 366
Total Assets		976 257 153	496 566 420

HIBISCUS COAST MUNICIPALITY

Statement of Financial Performance for the year ended 30 June 2008

		Actual		Budget	
	Notes	2008 R	2007 R	2008 R	2007 R
REVENUE					
Property rates	17	-171 871 523	-161 210 191	-171 066 769	-158 499 912
Property rates - penalties imposed and collection charges		-11 272 342	-9 517 134	-9 355 000	-9 212 700
Service charges	18	-42 661 407	-44 784 664	-46 877 723	-43 545 422
Rental of facilities and equipment		-1 411 712	-1 316 990	-1 459 911	-1 496 100
Interest earned					-70 000
External investments	19	-12 491 230	-10 450 070	-8 500 000	-2 500
Outstanding debtors	19	-1 820 123	-1 910 426	-801 500	0
Interest other	19	-267 182	-193 449	-60 419	0
Fines		-4 745 276	-4 995 834	-5 685 700	-4 924 450
Licences and permits		-3 273 945	-2 876 180	-3 198 250	-2 859 500
Income from agency services		-2 199 116	-1 717 642	-2 052 000	-1 600 000
Government grants and subsidies	20	-64 410 557	-46 444 733	-40 787 000	-37 455 139
Other income	21	-14 260 666	-13 472 090	-5 833 295	-9 738 219
Proceeds on sale of assets		-510 297	-211 961	-1 635 471	
Vat reconciled income			-711 477		
Loss on housing recovered					

Refer to Appendix E (1) for the comparison with the approved budget

HIBISCUS COAST MUNICIPALITY

Statement of Changes in Net assets for the year ended 30 June 2008

	Housing development fund	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions reserve	Revaluation reserve	Accumulated surplus/ (deficit)	Total
	R	R	R	R	R	R	R	R
30 June 2007								
Balance at 01 July 2006	57 885 388	40 361 524	54 434 716	112 019 333	3 946 356	34 766 657	53 751 774	357 165 748
Adjustments prior year							4 351 390	4 351 390
Transfer to Accumulated surplus		-40 361 524	-54 434 716		-3 946 356	-34 766 657	133 509 253	-
Transfer to Deferred Income				-112 019 333				-112 019 333
Restated balance	57 885 388	-	-	-	-	-	191 612 417	361 517 138
Surplus (deficit) for the year							16 741 776	16 741 776
Movements affecting HDF								
Surplus (deficit) for the year on account of HDF	163 179							163 179
Withdrawal from Housing Investment	-1 031 694						1 031 694	
Interest earned on Housing Investments	2 292 180						-2 292 180	
Redemption of long term housing debtors	-766 578						766 578	
Movements affecting CRR								
Property, plant and equipment purchased from CRR		-15 368 419					15 368 419	
Movements affecting GGR								
Transfer to Accumulated surplus of grant income recognised as revenue				14 591 279			-14 591 279	
Movements to account for current years depreciation from Reversal of revaluation			-13 628 476	-2 327 511	-40 153	-34 766 657	-15 996 140	
Transfer to accumulated surplus as a change in policy		15 368 419	13 628 476		40 153	34 766 657	-63 803 705	-
Transfer to deferred revenue as a change in policy				-12 263 768				-12 263 768
Balance at 30 June 2007	58 542 475	-	-	-	-	-	163 604 236	378 422 093
30 June 2008								
Correction of error - Prior year reversal							-27 748 412	-27 748 412
Restated balance	58 542 475	-	-	-	-	-	135 855 824	194 398 299
Surplus (deficit) for the year							30 869 286	30 869 286
Revaluation of land and buildings							435 488 000	435 488 000
Reduction in housing stock	-151 687						151 687	-
Housing debtors redeemed	119 148						-119 148	-
Grants recognised as revenue							-6 280 464	-6 280 464
Balance at 30 June 2008	58 509 937	-	-	-	-	-	595 965 185	654 475 122

HIBISCUS COAST MUNICIPALITY

(Direct method)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Assessment rates	17.	183 143 865	161 210 191
Service charges	18.	42 661 407	44 784 664
Interest received	18.	14 578 535	12 553 945
Grants		64 410 557	46 444 733
Other receipts		27 981 296	26 662 203
Payments			
Employee costs	22 & 23	-143 679 869	-128 738 123
Suppliers		-88 459 068	-78 983 690
Interest paid	18.	-2 819 079	-3 919 997
Other payments		-28 784 525	-20 839 892
Net Cash from (utilised in) operating activities	25.	69 033 120	59 174 034
CASH FLOWS FROM (UTILISED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10.	-40 526 201	-28 549 961
(Loss) Proceeds on disposal of property, plant and equipment		510 297	211 961
(Increases) decreases in non-current receivables		3 796 910	640 741
(Increases) decreases in cash investments	26.	-33 505 347	-14 968 179
CASH (UTILISED IN) GENERATED FROM INVESTING ACTIVITIES		-69 724 341	-42 665 438
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans raised/ (repaid)	27.	-4 077 087	-4 260 935
Increase / (decrease) in consumer deposits	26.	479 469	299 652
(Increase) / decrease in housing selling units			
Net cash generated from / (utilised in) financing activities		-3 597 618	-3 961 283
NET INCREASE (DECREASE) IN CASH EQUIVALENTS		-4 288 839	12 547 313
Cash and cash equivalents			
At the beginning of the year		11 107 366	-1 439 947
At the end of the year		6 818 526	11 107 366

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Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
1. ACCUMULATED SURPLUS		
The Accumulated Surplus consists of the following Reserves:		
Capital Replacement Reserve (CRR)	24 993 105	24 993 105
Capitalisation Reserve	40 806 240	40 806 240
Revaluation Reserve	435 488 000	
Donations and Public Contributions Reserve	3 906 203	3 906 203
Accumulated Surplus / (Deficit) due to the results of Operations	90 771 637	66 150 278
Total Accumulated Surplus	595 965 185	135 855 826
The Capital Replacement Reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments. See Notes 13 and 18 for more detail.		
The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.		
The Donations and Public Contributions Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.		
2. Housing Development Account		
Housing Development Fund represented by:		
Debtors	16 347 481	16 358 974
Housing Inventory	13 660 731	13 812 418
Housing Investments	28 501 724	28 371 083
	58 509 936	58 542 475
The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.		
3. DEFERRED REVENUE		
Assets financed from Government Grants	124 283 101	124 283 101
Less: Current Portion transferred to Current Liabilities:- Revenue Recognised in Statement of Financial Performance	2 327 511	
Total Deferred Revenue	121 955 590	124 283 101
The movements in Deferred Revenue are reconciled as follows:		
Balance at beginning of year	124 283 101	112 019 333
Additions during year		14 591 279
Revenue recognised during year	(2 327 511)	(2 327 511)
Balance at end of year	121 955 590	124 283 101
Less: Current Portion transferred to Current Liabilities	(2 327 511)	-
Total Deferred Revenue	119 628 079	124 283 101
Deferred Revenue represents capital utilised to construct and acquire capital assets, which capital was obtained from Grants received from Government.		

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

4. LONG TERM LIABILITIES

Local registered stock loans
Long term Loans - capitalised lease liabilities
Annuity loans

2008
R

2007
R

150 000
2 914 265
28 010 974

300 000
2 944 218
31 908 109

31 075 240

35 152 327

LESS : Current portion transferred to current liabilities

-4 869 544

-3 987 979

(Refer to appendix A for more detail)

26 205 696

31 164 348

Current portion of long term current liabilities

Local registered stock loans
Annuity loans
Capitalised leases

150 000
3 260 116
1 459 428

3 438 500
549 479

4 869 544

3 987 979

Local registered stock

Bears interest at rates 16.95% and 19.50% per annum and is repayable on 31 December 2007 and 31 December 2008. Local registered stock is not secured.

Annuity loans

Bear interest at rates between 13.47% and 20.25% per annum, are being redeemed in monthly instalments, inclusive of interest, over varying periods until 2017. Annuity loans are not secured.

Capitalised lease liabilities

Capitalised Lease Liabilities relates to Vehicles with lease terms of 5 or 10 (2007: 5 or 10) years. The effective interest rate on Finance Leases is between 11.5% and 12.93% (2007: 10.21 to 11.53%). Capitalised Lease Liabilities are secured over the items of vehicles leased.

4 662 266

2 737 325

Fair value impairments

The management of the municipality is of the opinion that the carrying value of Long term liabilities approximates their fair value. Long term loans are recorded at the actual liability to loan creditors. No impairment, if any has been necessary as redemptions have been made in accordance with loan agreements and interest rates are in accordance with market rates at the time of receiving the funding.

4.1. Obligations under Finance Leases

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years. The municipality has options to purchase the Property, Plant and Equipment for a nominal amount at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2008 R	2007 R	2008 R	2007 R
Within one year	2 102 839	851 752	1 459 428	549 479
In the second to fifth years, inclusive	4 778 746	2 845 443	3 331 452	1 541 209
Over five years	405 011	945 026	386 521	853 530
	7 286 596	4 642 222	5 177 400	2 944 218
Less: Future Finance Obligations	4 372 331	1 698 003	-	-
Minimum Lease	2 914 265	2 944 218	5 177 400	2 944 218

The municipality has finance lease agreements for the following significant class of assets:

- Vehicles

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Notes to the annual financial statements for the year ended 30 June 2008

5. RETIREMENT BENEFIT LIABILITIES

Post Retirement Medical Aid Benefits Liability

	2008 R	2007 R
Balance at beginning of Year	20 997 996	20 497 871
Contributions to Provision	6 683 832	500 125
Increase due to Discounting	-	
Expenditure incurred	-	
Reduction due to Re-measurement	-	
Balance at end of Year	27 681 828	20 997 996
Transfer to Current Provisions	(3 919 678)	(2 532 915)
Total Post-retirement Medical Aid Benefits Liability	23 762 150	18 465 081

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2008 by Chanan Weiss BSc, Fellow of the Faculty of Actuaries and Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Medical Aid Benefit Plan are made

In-service Members (Employees)	308	286
Continuation Members (Retirees, widowers and orphans)	74	74
Total Members	382	360

The liability in respect of past service has been estimated as follows (R

In-service Members	11 519 916	7 995 000
Continuation Members	16 187 953	13 001 000
Total Liability	27 707 869	20 996 000

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Global Health
- LA Health
- Samwumed

The Future-service Cost for the ensuing year is estimated to be R974 864, whereas the cost for the year after is estimated to be R667 763 (2007: R667 763 and R771 000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	10.85%	9.10%
Health Care Cost Inflation Rate	9.69%	7.50%
Net Effective Discount Rate	1.05%	1.49%
Expected Rate of Salary Increase		5.50%
Expected Retirement Age	65	65

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Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of unfunded obligations	27 681 828	20 997 996
Fair value of plan assets	-	-
Unrecognised past-service cost	-	-
Unrecognised actuarial gains / (losses)	-	-
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	27 681 828	20 997 996
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	667 763	771 000
Interest cost	1 865 152	1 631 783
Expected return on plan assets	-	-
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	5 180 958	(926 545)
Vested past service costs	-	-
Losses / (Gains) arising from curtailments or settlements	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Total Post-retirement Benefit included in Employee Related Costs (Note 25)	7 713 873	1 476 238
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	20 997 996	20 497 871
Current service costs	667 763	771 000
Interest cost	1 865 152	1 631 783
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	(1 030 041)	(976 113)
Actuarial losses / (gains) recognised	5 180 958	(926 545)
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Present Value of Fund Obligation at the end of the Year	27 681 828	20 997 996
Movements in the present value of the Defined Benefit Assets were as follows:		
Balance at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions from the employer	1 030 041	976 113
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	(1 030 041)	(976 113)
Actuarial gains / (losses)	-	-
Assets distributed on settlements	-	-
Balance at the end of the year	-	-

The major categories of plan assets, and the expected rate of return at the balance sheet date for each category, are as follows:

	Expected Return		Fair Value of Plan Assets	
	2008 %	2007 %	2008 R	2007 R
Equity instruments	0.00%	0.00%	-	-
Debt instruments	0.00%	0.00%	-	-
Property	0.00%	0.00%	-	-
Other (describe)	0.00%	0.00%	-	-
Weighted average expected return	-	-	-	-

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The management's assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

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Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R	2006 R	2005 R	2004 R
The history of experienced adjustments is as follows:					
Present Value of Defined Benefit Obligation	27 681 828	20 997 996	20 497 871	-	-
Fair Value of Plan Assets	-	-	-	-	-
Deficit	27 681 828	20 997 996	20 497 871	-	-
Experienced adjustments on Plan Liabilities	5 180 958	(926 545)	-	-	-
Experienced adjustments on Plan Assets	-	-	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

	2008 R	2007 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	4 649 600	
Effect on the defined benefit obligation	32 291 167	
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	3 340 500	
Effect on the defined benefit obligation	24 021 358	
The municipality expects to make a contribution of RXX million (2007: RXX million) to the Defined Benefit Plans during the next financial year.		
The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2007 in terms of IAS 19, <i>Employee Benefits</i> , paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2008.		
6. LONG SERVICE AWARDS AND RETIREMENT GIFTS LIABILITY		
Balance at beginning of Year	5 616 732	5 262 717
Contributions to Provision	(4 337 125)	354 015
Increase due to Discounting	-	
Expenditure incurred	-	
Balance at end of Year	1 279 607	5 616 732
Transfer to Current Provisions	(167 798)	(981 000)
Total Long Service Awards and Retirement Gifts Liability	1 111 809	4 635 732
The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service.		
The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2008 by Chanan Weiss BSc, Fellow of the Faculty of Actuaries and Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.		
The employees eligible for long service awards are made up as follows:		
Male	87	674
Female	33	361
Total Members	120	1 035
The Future-service Cost for the ensuing year is estimated to be R56 101, whereas the cost for the year after is estimated to be R38 678 (2007: R494 043 and R486 830 respectively).		
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount rate	10.97%	9.10%
General Salary Inflation (long term)	9.03%	7.50%
Net Effective Discount Rate	1.78%	1.50%
Expected Retirement Age	65	65

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Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of unfunded obligations	1 279 607	5 616 732
Fair value of plan assets	-	-
Unrecognised past-service cost	-	-
Unrecognised actuarial gains / (losses)	-	-
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	1 279 607	5 616 732
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	494 043	486 830
Interest cost	488 644	423 266
Expected return on plan assets	-	-
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	(4 833 206)	(126 574)
Vested past service costs	-	-
Losses / (Gains) arising from curtailments or settlements	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Total Post-retirement Benefit included in Employee Related Costs (Note 25)	(3 850 519)	783 522
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	5 616 732	5 262 717
Current service costs	494 043	486 830
Interest cost	488 644	423 266
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	(486 606)	(429 507)
Actuarial losses / (gains) recognised	(4 833 206)	(126 574)
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Present Value of Fund Obligation at the end of the Year	1 279 607	5 616 732
Movements in the present value of plan assets were as follows:		
Balance at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions from the employer	486 606	429 507
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	(486 606)	(429 507)
Actuarial gains / (losses)	-	-
Assets distributed on settlements	-	-
Balance at the end of the year	-	-

The major categories of plan assets, and the expected rate of return at the balance sheet date for each category, are as follows:

	Expected Return		Fair Value of Plan Assets	
	2008 %	2007 %	2008 R	2007 R
Equity instruments	0.00%	0.00%	-	-
Debt instruments	0.00%	0.00%	-	-
Property	0.00%	0.00%	-	-
Other (describe)	0.00%	0.00%	-	-
Weighted average expected return	-	-	-	-

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The management's assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

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Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
The history of experienced adjustments is as follows:		
	2008 R	2007 R
Present Value of Obligation	1 279 607	5 616 732
Fair Value of Plan Assets	-	-
Deficit	1 279 607	5 616 732
Experienced adjustments on Plan Liabilities	(4 833 206)	(126 574)
Experienced adjustments on Plan Assets	-	-
In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.		
	2008 R	2007 R
The effect of a 1% movement in the assumed rate of general salary inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	92 595	
Effect on the defined benefit obligation	1 279 807	
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	80 865	
Effect on the defined benefit obligation	1 150 495	
The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2007 in terms of IAS 19, <i>Employee Benefits</i> , paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2008.		
7. CONSUMER DEPOSITS		
Consumer deposits	7 167 120	6 687 651
Guarantees held in lieu of electricity deposits	954 068	955 838
8. CREDITORS		
Trade creditors	5 801 695	3 843 100
Deposits - other	5 476 851	4 701 241
Receiver of Revenue - VAT	-	149 356
Other sundry creditors	20 102 087	14 468 725
Attorney's legal fees	5 562 608	
Ugu District Municipality - on account of their loan owing to DBSA		4 106 211
Payments received in advance - consumer debtors	9 644 331	10 575 627
Outstanding cheques at end of the year	9 346 050	19 131 965
	55 933 621	56 976 225
9. PROVISIONS		
Staff leave	8 930 833	9 713 985
Landfill site rehabilitation	13 656 120	12 400 000
	22 586 953	22 113 985
10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional grants from other spheres of government	53 747 549	29 962 860
MIG grants	3 954 124	2 877 989
Housing grants	21 170 217	26 733 016
Finance management grants	345 649	351 855
Disaster management grant	27 877 559	
Credit management grant	400 000	
Other conditional receipts	354 524	377 244
Local economic development grants	257 571	377 244
Operations grant	96 953	
	54 102 072	30 340 104

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Notes to the annual financial statements
for the year ended 30 June 2008

2008
R

2007
R

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements
for the year ended 30 June 2008

2008
R

2007
R

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Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
11.1 INVESTMENT PROPERTIES		
The Council has elected to accept the exemption granted by National Treasury on Government Gazette 300013 not to account for Investment Property separate but to include them as part of Property Plant and Equipment.		
12. LONG TERM RECEIVABLES		
Deposits	65 199	65 199
Motor vehicle, housing and study loans	118 498	118 498
Ugu District Municipality	13 744 906	13 744 906
Uvongo Angling Club	1 463	1 463
Sewer loans	6 074	6 074
Loan - Margate Country Club	300 840	300 840
Housing loans	15 677 557	15 808 198
	29 914 537	30 045 178
LESS : Short term portion of long-term debtors transferred to current assets	5 518 386	1 852 117
	24 396 151	28 193 061
13. INVENTORY		
Inventory represents consumable stores, mechanical spares and electrical stores - The basis of valuation is consistent with that of the previous year except for the information furnished below.	1 623 479	1 500 919
The inventory value is considered as the net realisable value of the stock because management feels that the stock is useable and any losses on ultimate realisation are immaterial.		
14. CONSUMER AND OTHER DEBTORS		
Consumer debtors	88 997 337	84 170 592
Other	27 281 091	29 804 460
Accrued interest		-
	116 278 428	113 975 052
Less: Provision for Bad Debts	-21 818 198	-17 424 241
	94 460 230	96 550 811
Management have profiled each debt and considered the effects of any impairment in the values of outstandings and compared them with the value of the provision for bad debts. The provision is adequate to meet any material losses expected to arise from any adjustments that are required to be made to outstandings from impairments and discounting.		
Consumer debtors		
Rates	37 396 545	34 916 582
Rates penalties	18 699 174	17 088 329
Electricity	4 758 905	4 306 857
Collection charges	5 219 895	4 286 242
Electricity basic	439 200	2 412 128
Refuse	2 367 574	2 296 373
Refuse basic	2 513 367	2 231 316
Value added taxation	1 741 335	1 718 089
Sewer rates	910 765	1 111 673
Legal fees	7 453 117	7 669 498
Sundries	4 165 149	1 055 276
Interim /B CL	2 451 032	3 954 986
Roads and drainage	340 324	433 134
Rentals	317 365	421 028
Interest services	54 412	67 395
Vacuum Tanker Services	67 504	73 682
Water	28 712	52 135
U I P - Southbroom	72 960	49 008
Payments received in advance (included in creditors)	-9 644 331	
Add back payments received in advance	9 644 331	
	88 997 337	84 170 592
Amounts written off as bad debts	3 742 743	1 696 151
As a percentage of total operating revenue	1.13%	0.57%
Number of days outstanding	150 days	90 days

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R					2007 R
Age analysis						
	Current (0 to 30 days)	31 to 60 days	61 to 90 days	91 to 120 days	121 days and over	Total
Rates						
30 June 2008	56 872	1 369 301	426 752	285 942	35 257 678	37 396 545
30 June 2007	113 049	1 082 963	476 445	406 062	32 838 063	34 916 582
Rates penalties						
30 June 2008	634 215	642 098	606 503	619 065	16 197 293	18 699 174
30 June 2007	541 042	516 026	520 692	530 074	14 980 495	17 088 329
Collection charges						
30 June 2008	243 555	-3 645	-425	-919	4 981 328	5 219 895
30 June 2007	282 699	116	2 176	8 607	3 992 644	4 286 242
Electricity						
30 June 2008	2 659 974	1 129 894	251 923	122 236	594 877	4 758 905
30 June 2007	1 903 831	844 033	206 950	144 849	1 207 193	4 306 856
Electricity - basic						
30 June 2008	0	-1 491	0	0	440 691	439 200
30 June 2007	853 249	365 500	122 553	73 130	997 696	2 412 128
Interest on services						
30 June 2008	0	0	0	0	54 412	54 412
30 June 2007	213	274	59	-	66 849	67 395
Refuse						
30 June 2008	1 413	103 132	33 742	25 914	2 203 372	2 367 573
30 June 2007	90 735	75 395	33 379	17 199	2 079 665	2 296 373
Refuse - basic						
30 June 2008	0	105 334	29 595	19 540	2 358 899	2 513 367
30 June 2007	-	61 981	38 986	37 550	2 092 799	2 231 316
Sundries						
30 June 2008	1 004 669	269 358	241 810	791 383	1 857 929	4 165 149
30 June 2007	322 640	12 787	6 855	13 357	699 636	1 055 275
Value added taxation						
30 June 2008	384 078	197 650	81 201	35 232	1 043 174	1 741 335
30 June 2007	397 025	179 993	55 769	50 037	1 035 265	1 718 089
Sewer rates						
30 June 2008	0	0	0	0	910 765	910 765
30 June 2007	-	-	-	-	1 111 673	1 111 673
Vacuum Tanker Services						
30 June 2008	0	0	0	0	67 504	67 504
30 June 2007	-	-	-	-	73 682	73 682
Deposits - Electricity						
30 June 2008	-8 427	-140	-1 446	1 361	3212.08	-5 440
30 June 2007	13 850	2 343	1 123	366	8 949	26 631
Water						
30 June 2008	5 634	4 850	2 945	2 014	13 269	28 712
30 June 2007	8 791	5 555	2 695	2 453	32 641	52 135
Roads and drainage						
30 June 2008	0	3 358	3 386	265	333 315	340 324
30 June 2007	-	1 032	550	491	431 061	433 134
Interim / Building Clause						
30 June 2008	18 212	465 669	86 035	-11 831	1 892 948	2 451 032
30 June 2007	730 952	639 381	2 005 198	9 311	570 145	3 954 986
U I P - Southbroom						
30 June 2008	-	824	2 189	128	69 819	72 960
30 June 2007	-	380	180	60	48 389	49 008
Legal fees						
30 June 2008	75 856	188 291	36 049	137 016	7 015 906	7 453 117
30 June 2007	474 520	226 571	123 971	189 324	6 655 111	7 669 498
Rentals						
30 June 2008	55 869	15 243	11 150	9 862	225 241	317 365
30 June 2007	63 763	16 733	14 431	51 470	274 630	421 028

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R 2008 R	2007 R 2007 R		
Reconciliation of the Bad Debt Provision				
Balance at beginning of year	17 424 241	8 922 992		
Contributions made during the year	8 136 700	8 501 249		
Bad debts written off during the year	-3 742 743			
	21 818 198	17 424 241		
15. CALL ACCOUNTS				
Unlisted				
Total call accounts including earnings	149 804 412	116 304 103		
Less: Accrued interest		-		
Less Write down of Investments (recognised in the statement of financial performance)		-5 038		
	149 804 412	116 299 065		
Average rate of return on investments	9.41%	6.75%		
The write down relates to the investment in United Bank account 90-5061-1919 by the erstwhile Umtamvuna TLC. The Bank has confirmed that they are unable to trace this investment in their books.				
No other write down of investments are required as they have been invested with prime recognised and authorised financial institutions at market rates of return				
16. BANK BALANCE AND CASH				
Positive bank balance	6 794 818	11 090 187		
Cash book balance at end of year - (overdrawn)	-2 551 232	-8 041 778		
Less: Outstanding cheques included in creditors	9 346 050	19 131 965		
Floats	23 709	17 179		
	6 818 527	11 107 366		
The municipality has the following bank accounts:				
Standard Bank of SA Ltd, Port Shepstone - A/c 05 325 607 7 - Current Account				
Standard Bank of SA Ltd, Port Shepstone - A/c 05 325 565 8 - Current Account				
Cash book balance at beginning of year - (overdrawn)	-8 041 778	-1 456 796		
Cash book balance at end of year - (overdrawn)	-2 551 232	-8 041 778		
Bank statement balance at beginning of year	8 857 232	6 466 609		
Bank statement balance at end of year	4 719 589	8 857 232		
17. ASSESSMENT RATES AFTER REBATES				
	Valuation at 30/06/2008	Valuation at 30/06/2007	Actual income 30/06/2008	Actual income 30/06/2007
Port Shepstone general rates - land	287 604 601	287 109 601	68 530 115	47 760 951
Margate				
general rates - land and buildings	2 332 566 110	2 277 984 910	76 835 575	70 296 463
refuse			7 890 090	7 240 627
Hibberdene - general rates - land	83 923 900	83 378 600	10 304 759	7 442 239
Southbroom - general rates - land		131 969 200	11 034 587	9 809 643
Port Edward - general rates - land and buildings	602 397 200	595 863 900	20 130 528	19 542 923
Government Rebates (Included in Revenue Foregone 2007/8)			-22 854 131	-882 653
	3 306 491 811	3 376 306 211	171 871 523	161 210 191
Non rateable	80 186 388	85 618 988		
The last general valuation came into effect on:				
Port Shepstone			01/01/1997	01/01/1997
Margate			30/09/1995	30/09/1995
Hibberdene			20/05/1997	20/05/1997
Southbroom			01/07/1995	01/07/1995
Port Edward			30/06/1996	30/06/1996
and was postponed in accordance with the moratorium declared by the Director - Local Government, of the Department of Traditional and Local Government Affairs to postpone the next revaluation until the date of commencement of the Local Government Property Rates Act, 2004 (Act No. 6 of 2004)				
Rebates:				
Rebates have been given dependent on the use and zoning of each property				

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
	2008 R	2007 R
18. SERVICE CHARGES		
Sale of Electricity	32 295 330	35 404 468
Refuse removal	9 376 305	8 462 151
Verge maintenance	989 772	918 044
	42 661 407	44 784 664
19. INTEREST INCOME / (EXPENSE)		
Total external interest earned or paid :		
Interest earned on external investments	12 491 230	9 831 281
Interest earned on outstanding debtors	1 820 123	-
Interest earned other	267 182	-
Interest accrued on Investments	-	618 789
	14 578 535	10 450 070
Interest paid	2 819 079	3 919 997
20. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	39 829 971	26 545 565
Conditional grants	22 253 075	19 899 168
National grants		
FMG grant	506 206	500 000
MSIG grants - IDP	-	1 010 000
MIG grant	8 779 382	11 728 743
Electricity Project	4 000 000	-
Disaster Management Grant	-	-
Provincial grants		
Housing Grants	5 562 799	2 862 536
Credit Management Grant	-	600 000
Economic Development	119 673	236 757
Operations grant	23 047	-
Primary Health Care	2 835 970	2 672 076
Environmental Health	53 844	94 918
HIV and AIDS	105 084	42 871
Museum Services	144 000	144 650
Road Maintenance	-	6 617
Library Project	88 900	-
Public Affairs & Tourism Grant	34 170	-
	62 083 046	46 444 733
Add transfer from deferred revenue	2 327 511	-
	64 410 557	46 444 733
20.1 Equitable share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy towards the cost of basic services which is funded from this grant		
20.2 Financial Management Grant (FMG)		
Balance unspent at beginning of year	351 855	351 855
Current year receipts	500 000	500 000
Conditions met - transferred to revenue	-506 206	-500 000
Conditions still to be met - transferred to liabilities	345 649	351 855
This grant is used to subsidise the costs of building capacity of the treasury department and the Financial Management Internship programme. The conditions of the grant have been met. There was no delay or withholding of the grant.		

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
20.3 Municipal Support Infrastructure Grant (MSIG)		
Balance unspent at beginning of year	-	-
Current year receipts	-	1 010 000
Conditions met - transferred to revenue	-	-1 010 000
Conditions still to be met - transferred to liabilities	-	-
This grant is used to subsidise the costs of revising the Integrated Development Plan. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.4 Municipal Infrastructure Grant		
Balance unspent at beginning of year	2 877 989	2 877 989
Current year receipts	9 855 517	11 728 743
Conditions met - transferred to revenue	-8 779 382	-11 728 743
Conditions still to be met - transferred to liabilities	3 954 124	2 877 989
This grant is used to subsidise the costs of infrastructure. Some conditions of the grant have been met.		
20.5 Grant Electricity Project		
Balance unspent at beginning of year	-	-
Current year receipts	4 000 000	-
Conditions met - transferred to revenue	-4 000 000	-
Conditions still to be met - transferred to liabilities	-	-
This grant is used to subsidise the costs of electrification of houses. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.6 Disaster Management Grant		
Balance unspent at beginning of year	-	-
Current year receipts	27 877 559	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	27 877 559	-
This grant is used to subsidise the costs of Disaster due to floods in our area. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.7 Housing grants		
Balance unspent at beginning of year	26 733 016	29 595 552
Current year receipts	-	-
Conditions met - transferred to revenue	-5 562 799	-2 862 536
Conditions still to be met - transferred to liabilities	21 170 217	26 733 016
This grant is used to subsidise the costs of providing efficient administrative services. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.8 Credit Management Grant		
Balance unspent at beginning of year	-	-
Current year receipts	400 000	600 000
Conditions met - transferred to revenue	-	-600 000
Conditions still to be met - transferred to liabilities	400 000	-
This grant is used to subsidise the costs of providing efficient administrative services. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.9 Economic Development Grant		
Balance unspent at beginning of year	377 244	-
Current year receipts	-	613 819
Conditions met - transferred to revenue	-119 673	-236 575
Conditions still to be met - transferred to liabilities	257 571	377 244
This grant is used to subsidise the costs of providing efficient administrative services. The conditions of the grant have been met. There was no delay or withholding of the grant.		

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
20.10 Operations Grant		
Balance unspent at beginning of year	-	-
Current year receipts	120 000	-
Conditions met - transferred to revenue	-23 047	-
	<u>96 953</u>	<u>-</u>
Conditions still to be met - transferred to liabilities		
This grant is used to subsidise the costs of providing efficient administrative services. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.11 Provincial Health Subsidies		
Primary Health Care		
Balance unspent at beginning of year	-	-
Current year receipts	2 835 970	2 672 076
Conditions met - transferred to revenue	-2 835 970	-2 672 076
	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities		
The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There was no delay or withholding of the subsidy.		
Environmental Health		
Balance unspent at beginning of year	-	-
Current year receipts	53 844	94 918
Conditions met - transferred to revenue	-53 844	-94 918
	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities		
This grant is used to subsidise the costs of environmental health services. The conditions of the grant have been met. There was no delay or withholding of the grant.		
HIV and AIDS		
Balance unspent at beginning of year	-	-
Current year receipts	105 084	42 871
Conditions met - transferred to revenue	-105 084	-42 871
	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities		
This grant is used to subsidise the costs of combating the spread of HIV and Aids. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.12 Provincial Museum Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts	144 000	144 650
Conditions met - transferred to revenue	-144 000	-144 650
	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities		
This grant is used to subsidise the costs of maintaining the Museum. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.13 Provincial Road Maintenance Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts	-	6 617
Conditions met - transferred to revenue	-	-6 617
	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities		
This grant is used to subsidise the costs of maintaining the Municipal roads. The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.14 Provincial Library Project Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts	88 900	-
Conditions met - transferred to revenue	-88 900	-
	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities		
This grant is used to subsidise the costs of maintaining the libraries The conditions of the grant have been met. There was no delay or withholding of the grant.		
20.15 Provincial public affairs & tourism grant		
Balance unspent at beginning of year	-	-
Current year receipts	34 170	-
Conditions met - transferred to revenue	-34 170	-
	<u>-</u>	<u>-</u>
Conditions still to be met - transferred to liabilities		
This grant is used to subsidise the costs of public affairs and tourism The conditions of the grant have been met. There was no delay or withholding of the grant.		

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

			2008 R	2007 R
21. Other Income				
The major categories of other income are the following:-				
Admin and Certificate related			8576262	1 373 289
Town Planning related			632462	1 425 808
Vat Recovered			4241826	-
Other			325273	10 499 283
Traffic and Fire related			484842	173 710
			14 260 665	13 472 090
22. EMPLOYEE RELATED COSTS				
22.1 Remuneration of the Municipal Manager and the Chief Financial Officer				
	Annual remuneration	Performance Bonus	2008 Total	2007 Total
30 June 2008				
Municipal Manager	788 696		788 696	
Chief Financial Officer	600 943		600 943	
Total			1 389 639	
30 June 2007				
Municipal Manager	558 269	50 000		608 269
Chief Financial Officer	467 250			467 250
Total				1 075 519
22.2 Remuneration of other Section 57 Employees				
	Annual remuneration	Performance Bonus	2008 Total	2007 Total
30 June 2008				
Deputy Municipal Manager Admin	0	0	0	
Economic Development	581 641	0	581 641	
Human Resources		0	0	
Operations	407 486	0	407 486	
Corporate Services	610 311	0	610 311	
Health & Community Services	575 100	0	575 100	
Manager Health	265 452	0	265 452	
Protection Services	603 797	0	603 797	
Cleansing and Maintenance	555 858	0	555 858	
Planning	470 363	0	470 363	
Housing	558 977	0	558 977	
Public Relations	0	0	0	
Total			4 628 985	
30 June 2007				
Deputy Municipal Manager Admin	420 000	26 320		446 320
Economic Development	420 000			420 000
Human Resources	420 000	28 800		448 800
Operations	421 750	52 000		473 750
Corporate Services				0
Health & Community Services	438 341	28 400		466 741
Manager Health	263 035			263 035
Protection Services	420 000	28 800		448 800
Cleansing and Maintenance				0
Planning				0
Housing	246 868			246 868
Public Relations	460 412	28 000		488 412
Total				3 702 726
			2008 R	2007 R
22.3 Total Remuneration of S57 employees:				
Annual remuneration			6 018 624	4 498 201
Settlement			0	37 724
Performance bonus			0	242 320
			6 018 624	4 778 245
Other employees' annual remuneration			125 821 858	113 605 024
Total employee related costs			131 840 482	118 383 268
Other deductions				
Payee and UIF			13 897 028	11 961 965
Pension and Medical Aid deductions			27 664 564	26 182 470

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Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
23. REMUNERATION OF COUNCILLORS		
Mayor's allowance	499 603	496 371
Deputy Mayor's allowance	402 562	395 032
Speaker's allowance	402 562	393 160
Councillors' allowances - Part time	7 127 228	5 788 956
Councillors' allowances - Full time	3 407 433	3 281 336
	11 839 388	10 354 855
24. AUDIT FEES		
Opening Balance	-	-
Amount Paid Current Year	1 491 228	1 399 440
Balance unpaid - included in creditors	306 965	
	1 798 193	1 399 440
25. CASH GENERATED BY OPERATIONS		
(Deficit) surplus for the year (per note 1)	90 771 637	66 150 278
Adjustments in respect of:		
Previous year's operating transactions	-27 748 412	-21 717 706
Add:		
Depreciation for the year	-21 030 214	17 437 535
Contribution to Staff leave provision	-783 152	1 696 504
Contribution to landfill site rehabilitation provision	1 256 120	12 400 000
Interest paid :		
- on external funds	2 819 079	3 919 997
- to internal funds		-
Investment income (operating account)	-14 578 535	-12 553 945
Non-operating (income) expense:		
(Income) Expense credited to Reserves/provisions	23 832 731	-31 364 560
Non-operating expenditure:		
Write down of investments	-	5 038
Write down of obsolete inventory	-	36 826
(Increase) / decrease in inventory	-122 560	39 544
Increase / (decrease) in unspent grants	23 761 969	-2 731 151
	78 178 662	33 318 360
26. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in investments	-33 505 347	-14 968 179
Increase / (decrease) in consumer deposits	479 469	299 652
	-33 025 878	-14 668 527
27. INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)		
Loans raised	3 683 411	
Loans corrections	-	1 777
Loans repaid	-7 760 499	-4 262 712
	-4 077 087	-4 260 935
28. (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	-12 547 313	-1 439 947
LESS : Cash balance at the end of the year	-6 818 527	-11 107 366
	-19 365 840	-12 547 313
29. CAPITAL COMMITMENTS		
Commitments for capital expenditure		
Approved and contracted for	15 759 950	30 021 750
Approved but not yet contracted for	30 752 635	14 462 561
	46 512 585	44 484 311
This expenditure will be financed from:		
Internal sources	6 406 900	5 630 931
External sources		
National government	5 976 000	17 231 406
Provincial government	34 129 685	21 621 974
	46 512 585	44 484 311

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
30. CONTINGENT LIABILITIES		
Legal costs incurred by the erstwhile Port Edward Town Board for the acquisition of immovable property that is repayable to the KwaZulu-Natal Province when the aforementioned property is sold	5 200 000	5 200 000
There is a possibility of litigation due to unpaid services for Landmark which is funded through Gijima. The payment has not been received from Gijima however negotiations are still in progress with Gijima to resolve this issue.		
There is a potential dispute regarding the Gijima funding for the 2nd Economy Information Management System	300 000	-
There is one unresolved employee case pending, in which one of the managers was not upgraded to the same salary level as the other managers. This case is pending a labour court decision	70 000	-
There is a case regarding disputed legal fees paid by a ratepayer that is being negotiated by our legal council.	235 240	-

31. RETIREMENT BENEFITS

All councillors belong to the Pension Fund for Municipal Councillors. The Municipality's personnel are members of one of the three Natal Joint Municipal Pension Funds i.e. (Superannuation, Provident and Retirement) or a member of a Government Employers Pension Fund (GEPF). The valuator carries out a statutory valuation on a triennial basis and an interim valuation on an annual basis.

31.1 Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13.75%) and Council (15.00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

No details could be provided of the last valuation.

31.2 National Fund for Municipal Workers:

The above mentioned fund is a defined contribution scheme and, according to Regulation 2 of the Pension Funds Act no 24 of 1956, is exempted from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members (9.00 %) and council (18.00 %).

No details could be provided of the last valuation.

31.3 Retirement Fund:

The contribution rate paid by the members (7.0%) and Council (13.65%) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2006 revealed that the fund is in sound financial state. The current surcharge to be met by the employer is 12.35%.

No details could be provided of the last valuation.

31.4 Superannuation Fund:

The contribution rate paid by the members (9.0%) and Council (18.0%) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the period ended 31 March 2006 revealed that the fund had a shortfall of R93 million, with a funding level of 93%.

- From 1 July 2006 6%
- From 1 July 2007 6%

The above-mentioned surcharge was revised to 7% as from 1 July 2008.

No details could be provided of the last valuation.

31.5 Provident Fund:

The contribution rates payable are 5%, 7% and 9.25% by the members and Council contributes 9.75%, 13.65% and 18.0% respectively. The last valuation performed for the year ended 30 June 2005, certified that the fund is in a sound financial state. The last valuation performed for the period ended 31 March 2005 indicated that the fund is in a sound financial position.

No details could be provided of the last valuation.

None of the above mentioned plans are State Plans.

32. MUNICIPAL ENTITIES

In accordance with section 125 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) Council has an association with the following entity:
Hibiscus Coast Development Agency

The audited annual financial statements for this entity are available. The municipality elected to accept the exemption granted by the National Treasury in Government Gazette no. 30013 and thus has not prepared a consolidated set of financial statements.

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
33. OPERATING LEASE PAYMENTS		
Council has concluded operating lease agreements with its suppliers which are required to be paid in future instalments, these have been estimated as follows:		
Within one year	5 264 903	5 264 903
In the second to fifth years, inclusive	24 198 715	24 198 715
Over five years	4 480 470	4 480 470
	33 944 089	33 944 089

34. COUNCILLORS' ACCOUNTS IN ARREAR

The following Councillor had an arrear account balance outstanding for more than 90 Days:

	Total	Outstanding less than 90 Days	Outstanding more than 90 Days
At 30 June 2008			
Councillor TG Cele	1 349	39.91	1308.59
Councillor DA Conco	1 685	41.96	1643.23
Councillor NE Madlala	9 288	383.06	8904.44
Councillor IN Myingwa	9 475	972.68	8502.25
Councillor JL Narsimulu	1 096	725.22	370.28
Councillor DH Njoko	270	135	135
Councillor RG Piper	877	877.44	0
	24 039	3 175	20 864
At 30 June 2007			
Councillor TG Cele	8 135	8 135	-
	8 135	8 135	-

During the year the following Councillor's had arrear accounts outstanding for more than 90 days:-

	Highest amount outstanding	Ageing
At 30 June 2008		
The same information as above is applicable.		
At 30 June 2007		
The same information as above is applicable.		

35. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

35.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure
Opening balance
Unauthorised expenditure for the current year
Approved / condoned by Council
Transfer to receivables for recovery

Unauthorised expenditure awaiting authorisation

35.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure
Opening balance
Fruitless and wasteful expenditure for the current year
Approved / condoned by Council
To be recovered - contingent asset

Fruitless and wasteful expenditure awaiting condonation

35.3 Irregular expenditure

Reconciliation of irregular expenditure
Opening balance
Irregular expenditure for the current year
Approved / condoned by Council
Transfer to receivables for recovery - not condoned

Irregular expenditure awaiting condonation

36 RELATED PARTY TRANSACTIONS

The Hibiscus Coast Municipality considers a transaction to be a related party transaction if any of the following criteria is met in terms of IAS 24.

A party is related to HCM if one party:-

- directly or indirectly controls, is controlled by, or is under common control of the other party
- has an interest in one party that gives it significant influence over that party
- has joint control over the entity
- is an associate
- is a member of the key management personnel of the municipality
- is a close member of the family or resides with any individual referred to above
- is a post-employment benefit plan for the benefit of employees.

The following transactions have been identified for the 2007/08 financial year.

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

	2008 R	2007 R
36.1 MUNICIPAL ENTITY		
The HCM has control of the Hibiscus Coast Development Agency.		
	0	350 000
The audited annual financial statements for this entity are available.		
36.2 TOURISM BOARD		
The Tourism Board received a Grant and Donation of R350,000.00 in the 2007/2008 financial year as per Exco Council Resolution EX233/10/2007.		
	1 400 000	1 400 000
36.3 UGU DISTRICT MUNICIPALITY		
The following related party transactions have occurred with Ugu District Municipality.		
Long-term debtors	13 744 906	13 744 906
This amount has been recognised in the statement of financial performance under long term receivables.		
Creditors		
This is on account of their loan owing to DBSA	-	-
Long term liabilities		
Development Bank of S.A Ltd - Ugu self standing loans	6 609 618	6 609 618
Development Bank of S.A Ltd - Ugu Sewerage split loan	594 084	-
	7 203 702	6 609 618
MIG Funding		
The Hibiscus Coast paid UGU District Municipality for the construction of the Gamalakhe Swimming Pool. The funding was received by Hibiscus Coast Municipality however the expenditure was incurred by Ugu.		
	1 913 791	1 913 791
The Hibiscus Coast Municipality charges Ugu District Municipality for rates in the ordinary course of business and in terms of the approved rating structures in place.		
The Ugu District Municipality charges the Hibiscus Coast Municipality water rates in terms of their approved policies and in the ordinary course of their business.		
36.4 KEY MANAGEMENT PERSONNEL		
Refer to Note 20 on employee related costs.		
37 RISK EXPOSURES		
The Municipality is potentially at risk in the following area's:-		
(a) Credit Risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.		
(b) Interest Rate Risk is the risk that the value of the financial instrument will fluctuate because of changes in the market interest rates.		
Potential credit and interest rate risk is concentrated in the short term call investments.		
The Municipality limits its credit risk by only dealing with well established financial institutions and by monthly monitoring of its financial instruments.		
Consumer debtors and other debtors represent a cross section of the Municipality's demographics and income segments.		
The majority of the debt comprises rates which is not subject to credit or interest rate risk because of the recoverability of that income source.		
Debtors are monitored at balance sheet date for impairment. The Municipality is instituting faster legal proceedings against defaulters to endeavour to increase the recoverability of debt.		
The maximum credit and interest risk exposure in respect of the financial instruments are as follows:-		
Short term Investments	149 804 412	116 299 065
Consumer Debtors excluding rates	32 901 618	32 165 681
Other Debtors	27 281 091	29 804 460
Long-term Debtors	29 914 537	30 045 178
Bank Balances and Cash	6 818 527	10 994 318
	246 720 185	219 308 702

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

11 PROPERTY, PLANT AND EQUIPMENT

	2008 R	2007 R
Fixed assets at the beginning of the year	227 250 663	266 204 340
Revaluation of land and buildings	435 488 000	-
Additions and work in progress	40 526 201	28 549 961
Less : Assets written off, transferred or disposed of during the year	-2 411 100	-
Less: Prior year capital adjustments		-50 066 103
Less: Depreciation for the year	-21 030 214	-17 437 535
Net property, plant and equipment	679 823 550	227 250 663

In terms of the transitional arrangements option in GAMAP 17, Council will be reviewing the accuracy of the fixed assets register and a complete physical verification will also be undertaken. It is anticipated that this process commenced in May 2007 and be completed in the 2008/2009 financial year.

30 June 2008

Reconciliation of Carrying Value

Description	Land and Buildings	Infra- structure	Community	Other	Heritage	Capitalised Leased Assets	Housing Schemes	Total
R	R	R	R	R	R	R	R	R
Carrying values at 01 July 2007	40 181 547	103 877 848	34 219 310	25 086 928	239 185	6 776 670	16 869 175	227 250 663
Cost	88 448 155	209 025 315	36 568 752	46 932 048	6 725 204	3 607 766	-	391 307 240
- Completed Assets	88 448 155	209 025 315	36 568 752	46 932 048	6 725 204	3 607 766	-	391 307 240
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 33)	(1 827 706)	(7 373 598)	(1 520 453)	(18 334 625)	101 515	3 099 194	-	(25 855 674)
Revaluation	-	-	-	-	-	-	-	-
Reclassification	(29 439 650)	10 829 615	4 897 050	(1 587 758)	(2 093 839)	525 406	16 869 175	(0)
Accumulated Depreciation:	(16 999 252)	(108 603 484)	(5 726 039)	(1 922 737)	(4 493 695)	(455 696)	-	(138 200 903)
- Cost	(16 999 252)	(108 603 484)	(5 726 039)	(1 922 737)	(4 493 695)	(455 696)	-	(138 200 903)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	863 089	7 578 577	7 660 274	18 115 493	-	-	-	34 217 434
Capital under Construction - Additions	1 281 670	4 754 732	272 366	-	-	-	-	6 308 768
Increases in Revaluation	382 989 000	19 201 000	33 298 000	-	-	-	-	435 488 000
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(1 149 603)	(7 688 615)	(2 603 540)	(7 665 148)	-	(1 465 029)	(458 278)	(21 030 214)
- Based on Cost	(1 149 603)	(7 688 615)	(2 603 540)	(7 665 148)	-	(1 465 029)	(458 278)	(21 030 214)
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	(172 934)	-	(2 238 166)	-	(2 411 100)
- Cost	-	-	-	(172 934)	-	(2 238 166)	-	(2 411 100)
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Carrying values at 30 June 2008	424 165 703	127 723 542	72 846 410	35 364 339	239 185	3 073 474	16 410 897	679 823 550
Cost	88 765 208	213 985 026	42 980 938	46 539 982	6 826 719	4 468 794	-	403 566 667
- Completed Assets	87 483 538	209 230 294	42 708 573	46 539 982	6 826 719	4 468 794	-	397 257 899
- Under Construction	1 281 670	4 754 732	272 366	-	-	-	-	6 308 768
Revaluation	382 989 000	19 201 000	33 298 000	-	-	-	-	435 488 000
Accumulated Impairment Losses	(29 439 650)	10 829 615	4 897 050	(1 587 758)	(2 093 839)	525 406	16 869 175	(0)
Accumulated Depreciation:	(18 148 855)	(116 292 099)	(8 329 579)	(9 587 885)	(4 493 695)	(1 920 725)	(458 278)	(159 231 117)
- Cost	(18 148 855)	(116 292 099)	(8 329 579)	(9 587 885)	(4 493 695)	(1 920 725)	(458 278)	(159 231 117)
- Revaluation	-	-	-	-	-	-	-	-

HIBISCUS COAST MUNICIPALITY

Notes to the annual financial statements for the year ended 30 June 2008

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2007

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Heritage	Capitalised Leased Assets	Housing Schemes	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 July 2006	79 420 271	102 278 577	38 379 846	39 982 167	3 302 540	2 840 940		266 204 341
Cost	88 187 158	193 048 626	31 582 940	39 982 167	6 725 204	3 316 871		362 842 966
- Completed Assets	88 187 158	193 048 626	31 582 940	39 982 167	6 725 204	3 316 871		362 842 966
- Under Construction	-	-	-	-	-	-		-
Correction of error (Note 33)	-	-	-	-	-	-		-
Revaluation	6 953 331	15 644 996	11 125 331	-	695 332	347 667		34 766 657
Impairment Losses	-	-	-	-	-	-		-
Accumulated Depreciation:	(15 720 218)	(106 415 045)	(4 328 425)	-	(4 117 996)	(823 598)		(131 405 282)
- Cost	(15 720 218)	(106 415 045)	(4 328 425)	-	(4 117 996)	(823 598)		(131 405 282)
- Revaluation	-	-	-	-	-	-		-
Acquisitions	260 997	15 976 689	4 985 812	6 949 881	-	290 895		28 464 274
Capital under Construction - Additions	-	-	-	-	-	-		-
Increases in Revaluation	-	-	-	-	-	-		-
Reversals of Impairment Losses	-	-	-	-	-	-		-
Depreciation:	(3 257 180)	(5 573 067)	(2 523 956)	(4 881 511)	(956 752)	(169 030)		(17 361 496)
- Based on Cost	(3 257 180)	(5 573 067)	(2 523 956)	(4 881 511)	(956 752)	(169 030)		(17 361 496)
- Based on Revaluation	-	-	-	-	-	-		-
Decreases in Revaluation	(6 953 331)	(15 644 996)	(11 125 331)	-	(695 332)	(347 667)		(34 766 657)
Impairment Losses	-	-	-	-	-	-		-
Capital under Construction - Completed	-	-	-	-	-	-		-
Other Movements:	1 978 146	3 384 628	1 126 342	2 958 774	581 053	536 932		10 565 875
- Cost	-	-	-	-	-	-		-
- Revaluation	-	-	-	-	-	-		-
- Accumulated Impairment Losses	-	-	-	-	-	-		-
- Accumulated Depreciation	1 978 146	3 384 628	1 126 342	2 958 774	581 053	536 932		10 565 875
- Based on Cost	1 978 146	3 384 628	1 126 342	2 958 774	581 053	536 932		10 565 875
- Based on Revaluation	-	-	-	-	-	-		-
Carrying values at 30 June 2007	42 009 253	111 251 446	35 739 763	43 421 553	137 670	3 677 476	16 869 175	253 106 337
Cost	88 448 155	209 025 315	36 568 752	46 932 048	6 725 204	3 607 766	-	391 307 240
- Completed Assets	88 448 155	209 025 315	36 568 752	46 932 048	6 725 204	3 607 766	-	391 307 240
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Reclassification	(29 439 650)	10 829 615	4 897 050	(1 587 758)	(2 093 839)	525 406	16 869 175	(0)
Accumulated Depreciation:	(16 999 252)	(108 603 484)	(5 726 039)	(1 922 737)	(4 493 695)	(455 696)	-	(138 200 903)
- Cost	(16 999 252)	(108 603 484)	(5 726 039)	(1 922 737)	(4 493 695)	(455 696)	-	(138 200 903)
- Revaluation	-	-	-	-	-	-	-	-

Property, Plant and Equipment include items that would be defined as Investment Properties as defined by IAS 40, but have not been accounted for in accordance with IAS 40 due to the exemption in terms of General Notice 552 of 2007.

Land and Buildings were revalued to fair value by using the municipal valuation roll. The effective date of revaluation was 01 July 2007. The valuation was done by eValuations, registered and independent valuers.

The leased property, plant and equipment is secured as set out in Note 4.

Refer to Appendices "B and C" for more detail on Property, Plant and Equipment, including those in the course of construction.

APPENDIX A
HIBISCUS COAST MUNICIPALITY
Schedule of external loans for the year ended 30 June 2008

Type	Institution	Loan No.	Rate %	Maturity date	Balance at 30/06/2007	Received during the year	Adjustments during the year	Redeemed written off during the year	Balance at 30/06/2008
					R	R	R	R	R
Local Registered Stock									
	HE Capital	3 & 4	16.95%	2008	50 000				50 000
	Infrastructure Finance Corporation	2 - 6	16.95%	2007	150 000			-150 000	-
	UAL Merchant Bank	2 - 6	19.50%	2008	100 000				100 000
					300 000	-	-	-150 000	150 000
Annuity loans									
	Development Bank of SA Ltd - Ugu				6 609 618		-	-	6 609 618
	Development Bank of SA Ltd	KN 100027/1	13.80%	2012	6 985 288		-	-1 048 853	5 936 435
	Development Bank of SA Ltd	13459/102	15.00%	2014	683 644		-	-54 692	628 953
	Development Bank of SA Ltd	13459/102	15.00%	2014	2 737 408		-	-218 993	2 518 415
	Development Bank of SA Ltd	13864/101	JIBAR	2012	3 262 500		-	-225 000	3 037 500
	Development Bank of SA Ltd	15326-3	17.25%	2012	74 513		-	-4 832	69 681
	Development Bank of SA Ltd	15326-4	13.47%	2013	524 003		-	-39 541	484 462
	Development Bank of SA Ltd	15373-1	15.60%	2008	26 616		-	-22 978	3 638
	Development Bank of SA Ltd	15373-2	15.60%	2009	25 355		-	-10 290	15 065
	Infrastructure Finance Corporation	HHIBI-00-0001	14.05%	2012	7 573 927		-	-990 177	6 583 750
	Development Bank of SA Ltd	15298.-10	15.54/14.69%	2014	855 580		-	-146 853	708 727
	Development Bank of SA Ltd	11910/101	16.96%	2008	13 199		-	-13 147	52
	Development Bank of SA Ltd	15298.6-10	14.54-14.69%	2014	60 877		-	-10 449	50 428
	Development Bank of SA Ltd	15298.6-10	14.54-14.69%	2014	920 292		-	-157 960	762 332
	Development Bank of SA Ltd	15298.6-10	14.54-14.69%	2014	86 273		-	-14 808	71 465
	Development Bank of SA Ltd	15298.6-10	14.54-14.69%	2014	59 323		-	-10 182	49 141
	Development Bank of SA Ltd	15298.6-10	14.54-14.69%	2014	47 957		-	-8 231	39 726
	Development Bank of SA Ltd	15298.6-10	14.54-14.69%	2014	54 690		-	-9 387	45 303
	Development Bank of SA Ltd	15298.6-10	14.54-14.69%	2014	19 943		-	-3 423	16 520
	Development Bank of SA Ltd	15298.6-10	14.54-14.69%	2014	237 774		-	-40 812	196 963
	Planet Finance (N R B)		20.25%	2018	182 800		-	-	182 800
	Ugu District Municipality			2008	866 527		-	-866 526	1
					31 908 109	-	-	-3 897 134	28 010 974
Capitalised lease liability									
	ABSA Bank Ltd- Bankfin	69152428	12.60%	2010	-	443 545		-112 060	331 485
	ABSA Bank Ltd- Bankfin	69152436	12.60%	2010	-	443 545		-112 060	331 485
	ABSA Bank Ltd- Bankfin	69293994	12.70%	2010	-	443 545		-112 060	331 485
	ABSA Bank Ltd- Bankfin	69297663	11.73%	2010	-	784 259		-190 175	594 084
	ABSA Bank Ltd- Bankfin	69297671	11.73%	2010	-	784 259		-190 175	594 084
	ABSA Bank Ltd- Bankfin	69297680	11.73%	2010	-	784 259		-190 175	594 084
	ABSA Bank Ltd- Bankfin	60153456	12.80%	2008	55 599			-55 599	-
	ABSA Bank Ltd- Bankfin	63121601	12.10%	2008	192 046			-125 100	66 946
	ABSA Bank Ltd- Bankfin	63137567	11.65%	2009	167 820			-97 206	70 613
	ABSA Bank Ltd- Bankfin	61869315	11.34%	2014	2 528 754			-2 528 754	-
					2 944 218	3 683 411	-	-3 713 365	2 914 265
GRAND TOTAL					35 152 327	3 683 411	-	-7 760 499	31 075 240
LESS: Portion transferred to current liabilities					-3 987 979				-4 869 544
	Local registered stock								-150 000
	Annuity Loans				-3 438 500				-3 260 116
	Capitalised lease liability				-549 479				-1 459 428
TOTAL Long Term Liability					31 164 348				26 205 696

HIBISCUS COAST MUNICIPALITY

APPENDIX B

DISCLOSURES OF GRANTS AND SUBSIDIES

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008

	Additions										
	Opening Balance 30/06/2007 R	Re-classification R	Correction of Error / Adjustments R	Adjusted Carrying Value at 01 July 2007 R	Revaluation 30/06/2008 R	Additions for the Year R	W.I.P R	Total Additions R	Depreciation for the Year R	Disposal During the Year R	Carrying Value at 30/06/2008 R
Land and Buildings	71 448 903.51	42 009 254	-1 827 706.01	40 181 547.87	382 989 000.00	863 089.01	1 281 670.16	2 144 759.17	1 149 603.12	-	424 165 703.92
Infrastructure	100 421 830.23	111 251 445	-7 373 598.06	103 877 847.26	19 201 000.00	7 578 577.19	4 754 731.88	12 333 309.07	7 688 615.43	-	127 723 540.91
Community Assets	30 842 713.00	35 739 763	-1 520 453.45	34 219 309.74	33 298 000.00	7 660 274.06	272 365.81	7 932 639.87	2 603 539.90	-	72 846 409.71
Other Assets	45 009 310.98	43 421 553	-18 334 624.95	25 086 927.93	-	18 115 493.25	-	18 115 493.25	7 665 148.36	172 934.00	35 364 338.82
Heritage Assets	2 231 509.53	137 671	101 514.53	239 185.45	-	-	-	-	-	-	239 185.45
Capitilised Leased Assets	3 152 070.00	3 677 476	3 099 194.00	6 776 669.86	-	-	-	-	1 465 029.41	2 238 166.24	3 073 474.20
Housing Schemes		16 869 175	-	16 869 174.93	-	-	-	-	458 277.82	-	16 410 897.11
	253 106 337	253 106 337	-25 855 674	227 250 663	435 488 000	34 217 434	6 308 768	40 526 201	21 030 214	2 411 100	679 823 550

HIBISCUS COAST MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2008

	Carrying Value at 01 July 2007	Correction of Error	Opening	Revaluation	Additions	W.I.P	Depreciation	Disposal	Carrying value at 30/06/2008
COUNCIL GENERAL	1 432 646	15 717	1 416 929		632 292		253 442	4 586	1 791 192
MM	642 211	21 357	620 855				122 375		498 480
OPERATIONS	473 531	-	473 531		120 608		30 332		563 807
ECONOMIC DEVELOPMENT	8 658 218	42 798	8 615 419		2 584 049	98 891	564 911		10 733 449
MANAGEMENT SERVICES	338 587	9 763	328 824		563 968		105 281		787 510
TOWN PLANNING	850 416	99 408	751 008		522 685		228 478		1 045 215
HOUSING	880 177	27 910	852 267		171 653		173 197		850 724
INTERNAL AUDIT	18 141	0	18 140				6 895		11 246
COUNCIL ADMIN	214 850	35 882	178 968				127 688		51 279
IT	225 173	-	225 173				50 543		174 629
MUSEUM	1 322 057	571 355	750 702		24 885		336 450		439 137
LIBRARIES	3 290 023	311 657	2 978 366		298 243		958 740		2 317 868
HALLS	948 039	15 388	932 651		2 161 068		336 515		2 757 204
HEALTH ADMIN	25 733 471	5 008 915	20 724 556	33 298 000	1 876 184	272 366	1 600 731		54 570 374
TOWN CLEANSING	20 434 286	416 903	20 017 383		1 625 984		1 867 921		19 775 445
SWIMMING POOL	498 490	120 790	377 700		1 906 693		63 052		2 221 342
BEACH MANAGEMENT	11 905 017	2 973 563	8 931 454		31 770		1 104 544		7 858 680
CLINICS	997 677	561 235	436 442		375 273		267 522		544 193
PROTECTION SERVICE		0	99 414				39 730		59 684
PROTECTION SERVICES	7 424 946	303 612	7 021 920		671 910		922 813		6 771 017
FIRE SERVICES	6 915 679	3 476 209	3 439 471				639 734	2 338 323	461 414
CEMETRIES	139 089	89 762	49 327				12 616		36 711
PUBLIC WORKS	27 681 082	4 988 764	22 692 318		1 344 183		2 055 611	67 543	21 913 348
ENGINEERING SERVICES	155 578	128	155 450		9 104		47 865		116 688
TOWN ESTATE	41 218 871	1 163 790	40 055 081	382 989 000	12 181 514		1 789 377		433 436 218
TOWN TREASURER	5 543 284	1 701 412	3 841 871				1 306 055	648	2 535 168
ROAD	47 144 835	1 236	47 143 599		3 791 185	2 084 409	3 883 198		49 135 995
ELECTRICITY	21 150 790	3 898 120	17 252 669	19 201 000	3 217 552	2 670 323	1 676 319		40 665 225
HOUSING RENTAL	519 243	-	519 243				39 950		479 293
HOUSING STOCK	16 349 932	-	16 349 932		106 631	1 182 779	418 328		17 221 015
	253 106 337	25 855 674	227 250 663	435 488 000	34 217 434	6 308 768	21 030 214	2 411 100	679 823 550

APPENDIX D
HIBISCUS COAST MUNICIPALITY

Segmental Statement of Financial Performance
for the year ended 30 June 2008

	Actual income R	2008 Actual expenditure R	Surplus/ (deficit) R	Actual income R	2007 Actual expenditure R	Surplus/ (deficit) R
Council general	-27 313 680	34 985 132	7 671 452	-37 130 706	36 408 204	-722 502
Municipal manager	-	1 534 873	1 534 873	-	980 087	980 087
Director operations	-96 953	3 492 371	3 395 418	-500 000	2 110 971	1 610 971
Economic development	-68 738	3 769 264	3 700 526	-752 696	3 145 208	2 392 511
Town planning and building control	-7 438 112	5 583 169	-1 854 943	-5 889 369	3 446 607	-2 442 762
Housing service administration	-56 792	4 426 440	4 369 648	-404 133	5 422 084	5 017 951
Internal audit	-	1 151 323	1 151 323	-	1 798 178	1 798 178
Council administration and political secretariat	-35 565	12 638 630	12 603 065	-14 838	11 376 928	11 362 090
Museum	-144 000	661 398	517 398	-144 782	595 923	451 142
Libraries	-251 830	4 355 988	4 104 158	-156 738	3 450 496	3 293 758
Town Hall	-247 299	744 913	497 614	-228 589	609 347	380 758
Management services and training	-	4 116 563	4 116 563	-601 233	3 845 940	3 244 707
Health administration	-17 459 811	25 593 573	8 133 762	-12 547 645	23 623 045	11 075 399
Beach management	-5 877	15 254 889	15 249 012	-158 060	15 105 239	14 947 179
Swimming pool	-205 838	1 405 882	1 200 044	-76 337	443 128	366 791
Clinic	-2 835 970	5 404 220	2 568 250	-2 672 076	4 963 332	2 291 256
Parks and gardens	-	-	-	-	-	-
Traffic	-10 658 843	32 503 619	21 844 776	-9 906 687	27 099 139	17 192 453
Cleansing and Maintenance	-996 949	46 320 402	45 323 454	-169 077	2 412 847	2 243 770
Cemeteries	-72 067	805 536	733 468	-116 915	549 180	432 265
Roads	-	19 464 557	19 464 557	-1 959 390	55 220 427	53 261 037
Airport	-	-	-	-29 687	-	-29 687
Town treasurer	-26 681 450	23 140 353	-3 541 097	-11 476 500	16 887 439	5 410 939
Stores	-	1 713 059	1 713 059	-	1 491 274	1 491 274
Assessment rates	-194 725 654	22 854 131	-171 871 523	-161 210 191	20 835 621	-140 374 570
Electricity administration	-39 821 905	26 600 603	-13 221 302	-35 404 468	23 216 132	-12 188 337
Housing rentals	-2 078 044	1 805 202	-272 841	-2 144 589	2 427 259	282 670
	-331 195 376	300 326 090	-30 869 286	-283 694 707	267 464 034	-16 230 673

APPENDIX E (1)
HIBISCUS COAST MUNICIPALITY
Actual compared with budgeted revenue and expenditure
for the year ended 30 June 2008

	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of significant variances greater than 10% versus Budget
REVENUE					
Assessment rates	-171 871 523	-171 066 769	804 754	-0.47%	N/A
Penalties imposed and collection charges	-11 272 342	-9 355 000	1 917 342	-20.50%	More penalties raised due to stricter controls
Service charges	-42 661 407	-46 877 723	-4 216 316	8.99%	N/A
Rentals of facilities and equipment	-1 411 712	-1 459 911	-48 199	3.30%	N/A
Interest earned on external investments	-12 491 230	-8 500 000	3 991 230	-46.96%	Due to increased interest rate and investment policy
Interest earned on outstanding receivables	-1 820 123	-801 500	1 018 623	-127.09%	Due to increased interest rate and investment policy
Interest other	-267 182	-60 419	206 763	-342.22%	As a result of increased interest rate
Fines	-4 745 276	-5 685 700	-940 424	16.54%	N/A
Licences and permits	-3 273 945	-3 198 250	75 695	-2.37%	N/A
Agency services	-2 199 116	-2 052 000	147 116	-7.17%	N/A
Government grants and subsidies	-64 410 557	-40 787 000	23 623 557	-57.92%	Additional grants approved
Other income	-14 260 666	-5 833 295	8 427 371	-144.47%	Increase in other income
Proceeds on sale of assets	-510 297	-1 635 471	-1 125 174	68.80%	Reduced by loss on disposal of fire truck
	-331 195 376	-297 313 038	33 882 338		
EXPENDITURE					
Employee related costs	131 840 482	126 236 763	-5 603 719	-4.44%	N/A
Remuneration of councillors	11 839 387	13 441 353	1 601 966	11.92%	N/A
Depreciation	21 030 214	14 651 744	-6 378 470	-43.53%	Due to correction of error and new acquisitions
Repairs and maintenance	26 086 141	28 255 187	2 169 046	7.68%	N/A
Interest paid	2 819 079	3 414 932	595 853	17.45%	Savings from settled liabilities
Bulk purchases - Electricity	19 738 252	19 890 250	151 998	0.76%	N/A
Contracted services	18 405 363	18 405 448	85	0.00%	N/A
Grants and subsidies paid	5 858 243	6 425 524	567 281	8.83%	N/A
General expenses	59 654 616	60 431 325	776 709	1.29%	N/A
Audit fees	1 798 193	1 605 124	-193 069	-12.03%	AG exceeded budget
Contribution to landfill site rehabilitation	1 256 120	1 500 000	243 880	16.26%	Based on a provision
	300 326 090	294 257 650	-6 068 440		
NET (SURPLUS) / DEFICIT FOR YEAR	-30 869 286	-3 055 388	27 813 898		

APPENDIX F

HIBISCUS COAST MUNICIPALITY :

Disclosure of grants and subsidies in terms of Section 123 of the MFMA, Act 56 of 2003

Grants and Subsidies Received

	R	R	R	R	R	R	R	R	R	R	
NAME OF GRANT	Opening Balance	GRANTS RECEIVED	Capital Expenditure	Non-Capital Expenditure	TOTAL EXPENDITURE	CLOSING BALANCE AS AT 30/06/2008	UNSPENT CONDITIONAL GRANTS	Grants and subsidies delayed/withheld	Reason for delay of funds	Comply/ non comply conditions	Reason for non-compliance
Equitable Share	-	31 029 971	-	31 029 971	31 029 971	-	-	N/A	N/A	Comply	N/A
Free Basic Service	-	5 500 000	-	2 276 754	2 276 754	3 223 246	-	N/A	N/A	Comply	N/A
Municipal Infrastructure Grant	2 877 989	9 855 517	8 779 382	-	8 779 382	3 954 124	3 954 124	N/A	N/A	Comply	N/A
Free Basic Electricity	-	3 300 000	-	592 500	592 500	2 707 500	-	N/A	N/A	Comply	N/A
Subsidy/Grant Econ. Development	377 244	-	-	119 673	119 673	257 571	257 571	N/A	N/A	Comply	N/A
Subsidy/ Grant Dir. Operations	-	120 000	-	23 047	23 047	96 953	96 953	N/A	N/A	Comply	N/A
Subsidy- Primary Health Care	-	-	-	-	-	-	-	N/A	N/A	Comply	N/A
Financial Management Grant	351 855	500 000	-	506 206	506 206	345 649	345 649	N/A	N/A	Comply	N/A
Subsidy- Env Hygiene	-	53 844	-	53 844	53 844	-	-	N/A	N/A	Comply	N/A
Museum Subsidy- Magate	-	72 000	-	72 000	72 000	-	-	N/A	N/A	Comply	N/A
Museum Subsidy- Sheppie	-	72 000	-	72 000	72 000	-	-	N/A	N/A	Comply	N/A
Subsidy- HIV AIDS	-	105 084	-	105 084	105 084	-	-	N/A	N/A	Comply	N/A
Subsidy/Grant Electricity project	-	4 000 000	4 000 000	-	4 000 000	-	-	N/A	N/A	Comply	N/A
Credit Managemen Grant	-	400 000	-	-	-	400 000	400 000	N/A	N/A	Comply	N/A
Second Economy	-	-	-	-	-	-	-	N/A	N/A	Comply	N/A
Disaster Management Grant	-	27 877 559	-	-	-	27 877 559	27 877 559	N/A	N/A	Comply	N/A
Library Project	-	88 900	-	88 900	88 900	-	-	N/A	N/A	Comply	N/A
Housing grants	26 733 016	-	5 562 799	-	5 562 799	21 170 217	21 170 217	N/A	N/A	Comply	N/A
Public affairs & Tourism grant	-	34 170	-	34 170	34 170	-	-	N/A	N/A	Comply	N/A
	30 340 104	83 009 045	18 342 181	34 974 149	53 316 330	60 032 818	54 102 072				